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SUBJECT: EU TROIKA VISIT FOCUSES ON ENERGY, DEMOCRACY AND
HUMAN RIGHTS

Classified By: Ambassador Anne E. Derse for reasons 1.4(b) and (d).

¶1. (C) Summary: During a February 4 visit to Baku, the EU Troika opened the European Commission Delegation and discussed energy, democracy and human rights and the NK conflict with President Aliyev and Foreign Minister Mammadyarov. Foreign Minister Mammadyarov and EU embassy contacts separately expressed frustration with the energy discussions, with Mammadyarov telling the Ambassador that he has "diminished trust" in the EU on energy issues following the visit. The EU and Azerbaijan are discussing a possible ministerial energy meeting in Brussels in the second half of 2008, and the EU plans to dispatch Special Representatives Peter Semneby and Pierre Morel on a joint energy-focused trip to Baku and Ashgabat in March. The EU raised democracy and human rights in the context of the EU Action Plan; GOAJ officials reportedly were "defensive" and accused the EU of applying double standards in the South Caucasus. With the new Delegation, the EC is moving quickly to implement the 92 million euros in assistance planned under the Action Plan, with the first grant planned for the Ministry of Industry and Energy. End summary.

¶2. (C) The EU Troika visited Baku on February 4 in the context of a broader visit to all three South Caucasus states. Members of the EU delegation included Commissioner Benita Ferrero-Waldner, Slovenian Foreign Minister and the head of the EU's rotating presidency, Dimitrij Rupel, and EU Special Representative for the Southern Caucasus Peter Semneby. The EU Troika opened a European Commission (EC) delegation, which will be headed by current EC Special Envoy to Azerbaijan Alan Waddams. (The office is still being prepared; staff are not expected for at least several more weeks.) In public remarks, Ferrero-Waldner said the visit focused on implementing Azerbaijan's EU Action Plan and cooperation in the spheres of energy, human rights, democratization, the peaceful resolution of the Nagorno-Karabakh conflict, and encouraging regional cooperation. The delegation met with President Aliyev and Foreign Minister Mammadyarov, and Deputy Prime Minister Abid Sharifov and Deputy Foreign Minister Mammadgulyev attended the opening of the delegation office.

¶3. (C) French DCM Philippe Wieber reported that the Troika visit was short on substance but very important from a political perspective. (France represents the Slovenian presidency in Baku.) The GOAJ, according to Wieber, had long

sought the establishment of Commission Delegation in Baku as evidence of the close ties between Azerbaijan and Europe; the opening of the office represents a milestone in the EU-Azerbaijan relationship. Wieber also noted that the EU had not had such a high-level visit since the Action Plan was signed in 2006.

ENERGY FOCUSES PROMINENTLY, WITH FEW RESULTS

¶4. (C) Azerbaijani Foreign Minister told the Ambassador that he was disappointed by the energy discussions with the Troika, stating bluntly that he has "diminished trust in the EU after the Troika visit." Mammadyarov said that Azerbaijan had told the EU Troika that it would like to hold a high-level energy summit in Brussels soon in order to generate progress on gas supply contracts. The EU, according to Mammadyarov, balked at the suggestion, counter-proposing a ministerial meeting in Baku that he believes would be completely ineffectual. "If we do this in Baku," Mammadyarov explained, "then Russia will push Turkmenistan and Kazakhstan to send low-level officials." He argued that a head of state meeting in Brussels was needed to "send a clear declaration" and initiate real policy movement. Ferrero-Waldner's reply to his proposal -- "What should we do about the Russians?" -- was evidence, he argued that the EU "really doesn't want" new gas supplies from the Caspian region. To counter Russian pressure, Mammadyarov again urged the U.S. to intensify its energy diplomacy and appoint a Presidential energy envoy. Mammadyarov also complained that the EU was "pushing" Azerbaijan on cooperation with Turkmenistan.

¶5. (C) Working-level EU embassy contacts echoed some of

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Mammadyarov's frustration about the energy discussions. French DCM Wieber characterized Azerbaijan's proposal for a head of state meeting as "unrealistic," with UK Energy Officer Matt Sutherland adding that, at this point, heads of state would have nothing to discuss as ministers have not yet agreed on common EU policy on these Caspian energy issues. According to Wieber and Sutherland, the EU plans to hold a ministerial energy meeting in Brussels in the second half of 2008 with Azerbaijan and other key producers invited to join.

Wieber said the EU does not plan to coordinate this meeting with the International Energy Agency. Wieber added that the GOAJ sought EU support in encouraging Turkmenistan to join the East-West energy corridor, a request to which the EU readily agreed. To that end, Wieber said that EU Special Representative for the South Caucasus plans to join his counterpart for Central Asia, Pierre Morel, on a joint trip to Baku and Ashgabat in the near future.

DEMOCRACY AND HUMAN RIGHTS

¶6. (C) The Troika raised democracy and human rights issues in the context of Azerbaijan's EU Action Plan. Wieber said the EU's points mirrored the tone of a recent EU press statement on the media situation, praising the GOAJ for pardoning five imprisoned journalists but calling upon the GOAJ to do more. According to Wieber, GOAJ officials were "defensive" about their human rights record, arguing that Azerbaijan was in a difficult geostrategic position and was held to "different standards" on democracy and human rights than Georgia and Armenia. Both President Aliyev and Foreign Minister Mammadyarov raised Nagorno-Karabakh with the Troika, expressing concern that Kosovo could serve as a model for resolution of the NK conflict.

¶7. (C) Wieber said the GOAJ had made "virtually no progress" on its Action Plan, a record he characterized as "disappointing." Echoing previous comments by EU Ambassadors, Wieber said he did not expect the EU to take any radical steps to prompt better implementation. In a separate meeting, Europa House coordinator Ingrid Gossinger also was

downbeat on the likelihood of the Action Plan serving as a serious tool for pushing the GOAJ on political and economic reforms. She said the EU will release a report on the implementation of Azerbaijan's Action Plan in the end of March, while questioning the EU's willingness to seriously monitor Azerbaijan's progress on implementing the document. Gossinger observed that despite the Action Plan, the level of EU interests and involvement with Azerbaijan is quite different than countries in the EU's more immediate neighborhood.

NEW ASSISTANCE PLANNED

18. (C) Both Wieber and Gossinger emphasized that the new EC delegation will provide new momentum in the EU's relations with Azerbaijan. The Action Plan's funding commitments (92 million euros for Azerbaijan, relative to 98.4 million for Armenia and 120 million for Georgia) should deepen the EU and some individual European states' ties with Azerbaijan, according to Gossinger, particularly because of the EU's direct budgetary support programs to the GOAJ. Gossinger said the first grant will be made to the Ministry of Industry and Energy. Press reports have hinted that the Ministry of Economic Development may be the second recipient, with an estimated 13 million euros in support to the MED. Gossinger confirmed that the Commission plans to give a grant to the MED but said EU technical experts are still working on proposals with a variety of Azerbaijani ministries, including the Presidential Administration. She also emphasized that the grants will include strict conditions on their use. On the diplomatic front, Wieber expects that the Commission Delegation will dedicate a significant amount of its time and attention to energy issues.

Comment

19. (C) The Embassy looks forward to working closely with the

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new EC delegation, as our core interests are parallel. In meetings with Semneby, the Ambassador repeatedly has emphasized the importance of U.S.-EU cooperation in pursuing our joint interests in political and economic reforms, energy diversification, and a peaceful resolution of the NK conflict. While implementation of the EU Action Plan is likely to be slow-going, the added diplomatic weight and engagement of the new EC Delegation will help more firmly anchor Azerbaijan in the Euro-Atlantic structure. We hope that the new Delegation will also add more clarity and focus to the EU's energy diplomacy efforts, although the new involvement of Peter Semneby (who has notoriously difficult relations with the GOAJ) does not bode well.

DERSE